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TAN CHONG MOTOR HOLDINGS BERHAD

(Company No. 12969-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PART I

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

PART II

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The ordinary resolutions in respect of the above proposals will be tabled at the Thirty-Seventh Annual General Meeting of the Company. The Notice of the said Meeting together with the Form of Proxy are set out in the 2008 Annual Report despatched with this Circular.

The Form of Proxy should be completed and returned in accordance with the instructions therein.

Last date and time for lodging the Form of Proxy	:	Monday, 18 May 2009 at 3:00 p.m.
Date and time of the 37 th Annual General Meeting	:	Wednesday, 20 May 2009 at 3:00 p.m.
Venue of the 37 th Annual General Meeting	:	3 rd Floor, 21 Jalan Ipoh Kecil 50350 Kuala Lumpur

This Circular is dated 28 April 2009

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act, 1965
AGM	:	Annual General Meeting
APM	:	APM Automotive Holdings Berhad
APM Group	:	APM and its subsidiaries
Audit Committee	:	Audit committee of TCMH comprising Seow Thiam Fatt, Dato' Ng Mann Cheong and Dato' Haji Kamaruddin @ Abas bin Nordin, all of whom are Independent Non-Executive Directors
Auto Dunia	:	Auto Dunia Sdn Bhd
Board	:	Board of Directors of TCMH
Bursa Malaysia	:	Bursa Malaysia Securities Berhad
Code	:	Malaysian Code on Take-Overs and Mergers, 1998
Director	:	The meaning given in Section 2 of the Capital Markets and Services Act 2007 and for the purpose of the Proposed Shareholders' Mandate, shall have the meaning given in Section 4 of the Act and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company
EPF	:	Employees Provident Fund Board
EPS	:	Earnings per share
LR	:	Listing Requirements of Bursa Malaysia
Major Shareholder	:	Person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:- (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the company; or (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the company where such person is the largest shareholder of the company.

For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act.

A major shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or any other company which is its subsidiary or holding company

DEFINITIONS (Cont'd)

NA	:	Net assets
Parasand	:	Parasand Limited
Proposals	:	Proposed Share Buy-Back and Proposed Shareholders' Mandate collectively
Proposed Share Buy-Back	:	Proposed renewal of authority for TCMH to purchase and/or hold its own ordinary shares up to ten per centum (10%) of the issued and paid-up share capital of the Company
Proposed Shareholders' Mandate	:	Proposed renewal of the Shareholders' Mandate of the TCMH Group as set out in this Circular
Related Party	:	Director, Major Shareholder or person connected with such Director or Major Shareholder; and "Related Parties" shall be construed accordingly
Related Party Transaction	:	Transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a Related Party
RM and sen	:	Ringgit Malaysia and sen respectively
RRPT	:	Related Party Transactions of a revenue or trading nature which are recurrent and necessary for the day-to-day operations and in the ordinary course of business
SC	:	Securities Commission
Shareholders' Mandate	:	Shareholders' general mandate pursuant to Paragraph 10.09 of the LR in respect of RRPT
TCC	:	Tan Chong Consolidated Sdn Bhd
TCIL	:	Tan Chong International Limited
TCIL Group	:	TCIL and its subsidiaries
TCMH or Company	:	Tan Chong Motor Holdings Berhad
TCMH Group or Group	:	TCMH and its subsidiaries
TCMH Shares	:	Ordinary shares of RM0.50 each in the Company
WTCH	:	Warisan TC Holdings Berhad
WTCH Group	:	WTCH and its subsidiaries

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TAN CHONG MOTOR HOLDINGS BERHAD

(Company No. 12969-P)
(Incorporated in Malaysia)

Registered Office:

62-68 Jalan Ipoh
51200 Kuala Lumpur

28 April 2009

Board of Directors:

Dato' Tan Heng Chew (*Executive Deputy Chairman*)
Tan Eng Soon (*Group Managing Director*)
Azman bin Badrillah
Dato' Ng Mann Cheong
Dato' Haji Kamaruddin @ Abas bin Nordin
Seow Thiam Fatt

To: The Shareholders of Tan Chong Motor Holdings Berhad

Dear Shareholders:

PART I PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

PART II PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the Company's AGM held on 22 May 2008, the Directors had obtained shareholders' approval for:

- (a) the Directors to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company; and
- (b) the Company and its subsidiaries to enter into recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business of the Group.

The above approvals shall, in accordance with the LR, lapse at the conclusion of the forthcoming AGM unless fresh approvals are obtained.

On 20 February 2009, the Company announced to Bursa Malaysia that it would seek the renewal of authority from its shareholders to purchase its own ordinary shares and the renewal of the shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

The Proposed Share Buy-Back and Proposed Shareholders' Mandate would become effective immediately upon the passing of the proposed resolutions and will expire at the conclusion of the next AGM of the Company unless the authority and mandate are further renewed by resolutions passed at a general meeting (either unconditionally or subject to conditions) or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by ordinary resolutions of the shareholders of the Company in a general meeting, whichever occurs first.

The purpose of this Circular is to provide you with information on the Proposals and to seek your approval for the proposed resolutions to be tabled at the forthcoming AGM of the Company.

2. PART I PROPOSED SHARE BUY-BACK

2.1 DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board proposes to seek authority from its shareholders to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share capital of the Company through its appointed stockbrokers. As at 31 March 2009, the issued and paid-up share capital of the Company was RM336,000,000 comprising 672,000,000 TCMH Shares less 15,312,800 TCMH Shares already purchased and held as treasury shares.

The shareholders' approval for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own shares on Bursa Malaysia. The approval will allow the Board to exercise the power of the Company to purchase its own ordinary shares at any time within the abovementioned time period using the internal funds of the Company and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the availability of internally generated funds, actual number of TCMH Shares to be purchased and other cost factors. The actual number of TCMH Shares to be purchased will depend on the market conditions as well as the retained profits and financial resources available to the Company. The Proposed Share Buy-Back will reduce the cashflow of the Company by an amount dependent on the purchase price of TCMH Shares and the actual number of TCMH Shares bought back.

The Board proposes to allocate a sum of not exceeding the retained profits of the Company for the purchase of the TCMH Shares subject to compliance with Section 67A of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. The audited retained profits of the Company as at 31 December 2008 was RM761.4 million. The Company did not have any share premium as at 31 December 2008.

The purchased shares may be cancelled immediately or retained as treasury shares or a combination of both. The purchased shares held as treasury shares, may either be subsequently cancelled or distributed as share dividends or resold by the Company on Bursa Malaysia, or both, depending on the availability of, amongst others, the retained profits of the Company. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits and/or the share premium account (if applicable) of the Company.

An immediate announcement will be made to Bursa Malaysia upon the purchase or resale of the shares. In addition, the Company will also announce whether the purchased shares will be cancelled or retained as treasury shares or a combination of both.

TCMH shall only purchase its own ordinary shares at a price which is not more than fifteen per centum (15%) above the weighted average market price for the five (5) market days immediately preceding the date of the purchase(s).

The Company may only resell the purchased shares held as treasury shares at a price which is not less than the weighted average market price for the five (5) market days immediately preceding the date of resale or not less than 5% below the weighted average market price for the five (5) market days immediately prior to the resale provided that (i) the resale takes place no earlier than thirty (30) days from the date of purchase and (ii) the resale price is not less than the cost of purchase of the shares being resold.

As at 31 March 2009, the public shareholding spread of the Company was approximately 42.64%.

For the purpose of illustration, if the Company purchases up to the maximum number of TCMH Shares as allowed under the Proposed Share Buy-Back and assuming the purchases will not reduce the number of TCMH Shares currently held by the Directors, the substantial shareholders or persons connected with the Directors and/or substantial shareholders, the public shareholding spread of the Company based on the position as at 31 March 2009 is expected to be reduced to approximately 37.72%.

2.2 POTENTIAL ADVANTAGES AND DISADVANTAGES

2.2.1 Advantages

The Proposed Share Buy-Back provides the opportunity for TCMH to stabilise the supply and demand of TCMH Shares in the open market and thereby allowing the share price of TCMH to better reflect the fundamental value of TCMH Shares. In addition, the purchased shares may be held as treasury shares and resold on Bursa Malaysia with the intention of realising a potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this will serve to reward the shareholders of the Company.

Furthermore, the share repurchase by the Company may enhance the EPS and NA per share of TCMH, depending on factors such as purchase prices of the TCMH Shares and the effective funding cost and/or loss in interest income to the Company.

2.2.2 Disadvantages

The Proposed Share Buy-Back may result in the Group foregoing other investment opportunities that may emerge in the future and may also reduce the amount of resources available for distribution in the form of dividends to shareholders of TCMH. However, the financial resources of the TCMH Group may recover and increase upon the resale of the repurchased shares which are held as treasury shares.

Nevertheless, the Board will be mindful of the interests of TCMH and its shareholders in undertaking the Proposed Share Buy-Back.

2.3 PURCHASE, CANCELLATION AND RE-SALE IN THE PREVIOUS 12 MONTHS

TCMH had bought back 10,695,800 of its own shares in the 12 months preceding the date of this Circular, the details of which are set out in Appendix I.

The total number of shares bought back as at 31 March 2009 was 15,312,800. TCMH has not made any cancellation of its own shares or re-sold any of its treasury shares during the same period.

2.4 EFFECTS OF THE PROPOSED SHARE BUY-BACK

Based on the assumption that the Proposed Share Buy-Back is carried out in full and the shares so purchased are cancelled or alternatively retained as treasury shares or both, the effects of the Proposed Share Buy-Back on the share capital, NA, working capital, earnings and substantial shareholders' and Directors' shareholdings as well as the implications relating to the Code are as set out below:

(a) Share capital

In the event that the maximum number of shares authorised under the Proposed Share Buy-Back are purchased and cancelled, the issued and paid-up share capital of TCMH as at 31 March 2009 will be as follows:

	<u>No. of shares</u>	<u>Amount (RM)</u>
Issued and paid-up share capital	672,000,000	336,000,000
Purchased and held as treasury shares as at 31 March 2009	(15,312,800)	(7,656,400)
Proposed Share Buy-Back if the maximum no. of shares are purchased	(51,887,200)	(25,943,600)
Resultant issued and paid-up share capital, if the treasury shares are cancelled	604,800,000	302,400,000

However, if all the TCMH Shares purchased are retained as treasury shares, the share repurchase would not have any effect on the share capital of TCMH, although substantially all rights attached to the shares held as treasury shares would be suspended.

(b) NA

The effect of the share repurchase on the NA per share of the TCMH Group is dependent on the purchase prices of the TCMH Shares. Nonetheless, the share repurchase would reduce the NA per share of the TCMH Group if the purchase price exceeds the NA per share at the relevant point in time. Conversely, the NA per share of the TCMH Group would increase if the purchase price is less than the NA per share at the relevant point in time. Based on the audited accounts as at 31 December 2008 the NA of the TCMH Group is RM2.15 per share.

(c) Working capital

The share repurchase will result in an outflow of cashflow and thereby reduce the working capital of the TCMH Group, the quantum of which is dependent on the purchase prices of the TCMH Shares and the number of TCMH Shares repurchased. Nevertheless, the Board will be mindful of the interests of TCMH and its shareholders in undertaking the Proposed Share Buy-Back and will assess the working capital needs of the TCMH Group prior to any repurchase of TCMH Shares. In the event the Company purchases its own shares using external borrowings, the Company will ensure that it has sufficient funds to repay the external borrowings.

(d) Earnings

The effect of the share repurchase on the EPS of the TCMH Group is dependent on the purchase prices of TCMH Shares and the effective funding cost and/or loss in interest income to the Company thereof. For instance, the share buy back will increase the EPS of the TCMH Group if the effective funding cost and/or interest income forgone to the Company attributable to every purchased share is lower than the EPS of the TCMH Group and vice versa.

(e) Dividends

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the share repurchase will have the effect of increasing the dividend rate of TCMH as a result of a decrease in the number of shares in TCMH which are entitled to participate in the dividends.

For the financial year ended 31 December 2008, TCMH declared an interim dividend of 10% less income tax and proposed a final dividend of 10% less income tax.

(f) Substantial shareholders' and directors' shareholdings

The effects of the share repurchase on the shareholdings of substantial shareholders and Directors based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 31 March 2009 are as follows:

	<-----No. of TCMH Shares held----->							
	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Substantial shareholders								
TCC	304,266,662	46.33	-	-	304,266,662	50.31	-	-
Nissan Motor Co Ltd	37,333,324	5.69	-	-	37,333,324	6.17	-	-
EPF	61,259,000	9.33	-	-	61,259,000	10.13	-	-
Dato ⁷ Tan Heng Chew	18,183,162	2.77	312,281,862	47.55 ⁽¹⁾	18,183,162	3.01	312,281,862	51.63 ⁽¹⁾
Tan Eng Soon	-	-	315,237,862	48.00 ⁽⁷⁾	-	-	315,237,862	52.12 ⁽⁷⁾
Dato ⁷ Tan Kim Hor	180,234	0.03	304,266,662	46.33 ⁽²⁾	180,234	0.03	304,266,662	50.31 ⁽²⁾
Dato ⁷ Tan Boon Pun	427	- ⁽³⁾	304,266,942	46.33 ⁽⁴⁾	427	- ⁽³⁾	304,266,942	50.31 ⁽⁴⁾
Dato ⁷ Tan Hoe Pin	10,000	- ⁽³⁾	304,266,662	46.33 ⁽²⁾	10,000	- ⁽³⁾	304,266,662	50.31 ⁽²⁾
Dr. Tan Ban Leong	180,400	0.03	304,266,662	46.33 ⁽²⁾	180,400	0.03	304,266,662	50.31 ⁽²⁾
Dr. Tan Kang Leong	10,000	- ⁽³⁾	304,266,662	46.33 ⁽²⁾	10,000	- ⁽³⁾	304,266,662	50.31 ⁽²⁾
Tan Beng Keong	-	-	304,266,662	46.33 ⁽²⁾	-	-	304,266,662	50.31 ⁽²⁾
Dato ⁷ Tan Chee Keong	29,000	- ⁽³⁾	304,266,662	46.33 ⁽²⁾	29,000	- ⁽³⁾	304,266,662	50.31 ⁽²⁾
Tan Kheng Leong	-	-	304,266,662	46.33 ⁽²⁾	-	-	304,266,662	50.31 ⁽²⁾

	<-----No. of TCMH Shares held----->							
	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Directors								
Dato' Tan Heng Chew	18,183,162	2.77	315,765,252	48.08 ⁽⁵⁾	18,183,162	3.01	315,765,252	52.21 ⁽⁵⁾
Tan Eng Soon	-	-	315,237,862	48.00 ⁽⁷⁾	-	-	315,237,862	52.12 ⁽⁷⁾
Azman bin Badrillah	20,000	- ⁽³⁾	-	-	20,000	- ⁽³⁾	-	-
Dato' Ng Mann Cheong	-	-	71,000	0.01 ⁽⁶⁾	-	-	71,000	0.01 ⁽⁶⁾
Dato' Haji Kamaruddin @ Abas bin Nordin	2,992	- ⁽³⁾	-	-	2,992	- ⁽³⁾	-	-
Seow Thiam Fatt	16,600	- ⁽³⁾	-	-	16,600	- ⁽³⁾	-	-

Notes:

- (1) Deemed interest by virtue of interests in TCC and Wealthmark Holdings Sdn Bhd ("Wealthmark") pursuant to Section 6A of the Act.
- (2) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (3) Less than 0.01%.
- (4) Deemed interest by virtue of interests in TCC and Progroup Nominees Sdn Bhd ("PNSB") pursuant to Section 6A of the Act.
- (5) Deemed interest by virtue of interests in TCC and Wealthmark pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (6) Interest of spouse by virtue of Section 134(12)(c) of the Act.
- (7) Deemed interest by virtue of interest in TCC, Wealthmark and Lung Ma Investments Pte Ltd pursuant to Section 6A of the Act.

(g) Implication relating to the Code

The Proposed Share Buy-Back, if carried out in full will result in the equity interest of TCC in TCMH to increase from 46.33% as at 31 March 2009 to 50.31% after the share repurchase.

If the Proposed Share Buy-Back results in the equity interest of TCC and persons acting in concert with it in TCMH to increase by more than 2% in any six (6) months period, pursuant to Part II of the Code, TCC and persons acting in concert with it may be obliged to undertake a mandatory offer for all the TCMH Shares not held by them collectively.

However, under Practice Note 2.9.10 of the Code, the SC may grant an exemption for holders of voting shares, directors and persons acting in concert with the directors of a company when the company repurchases its shares subject to certain conditions such as the following, depending on the circumstances surrounding the application for the waiver:

- (i) A holder of voting shares who triggers the mandatory obligation as a result of a reduction of the voting shares of the company through a buy back scheme under the Act will be exempted if the increase in his holding is inadvertent and as a result of any action that is outside his direct participation. The SC, however will not grant an exemption if the holder of voting shares has previously acquired voting shares in the knowledge that the company intends to seek permission from its holders of voting shares to purchase its own voting shares;
- (ii) Directors and persons acting in concert with the directors may also apply for exemption under the Code, which may be granted by the SC if the directors and/or persons acting in concert with the directors have obtained the approval from the independent holders of voting shares of the company, on a poll, at a meeting of the holders of the relevant class of securities for the parties concerned to gain control of the company, or, if their existing holding of voting shares is more than 33% but less than 50%, to increase their voting shares by more than 2% in any six (6) month period, without having to make a mandatory offer under Part II of the Code;
- (iii) The SC will not normally waive an obligation under Part II of the Code if the directors and persons acting in concert with them have previously acquired voting shares in the knowledge that the company intended to seek permission from its holders of voting shares to purchase its own shares;

- (iv) An exemption, if granted by the SC under Practice Note 2.9.10, would be invalidated if the applicant seeking a waiver under Practice Note 2.9.10 and persons acting in concert with him purchases, acquires or becomes entitled to any voting shares of the offeree during the period between the holders of voting shares' meeting referred to in paragraph (ii) and the granting of the exemption by the SC under Practice Note 2.9.10; and
- (v) An applicant seeking an exemption under Practice Note 2.9.10 and persons acting in concert with him, must at all times disclose to the SC all acquisitions, purchases or entitlements to acquire or purchase voting shares of the offeree made by the applicant and persons acting in concert in a 12 month period from the date of granting of an exemption by the SC.

2.5 SHARE PRICES

The monthly highest and lowest prices of TCMH Shares traded on Bursa Malaysia for the last 12 months from April 2008 to March 2009 were as follows:

	High RM	Low RM
2008		
April	1.96	1.68
May	2.17	1.82
June	2.01	1.69
July	1.81	1.66
August	1.79	1.52
September	1.69	1.51
October	1.65	1.17
November	1.25	1.03
December	1.18	1.07
2009		
January	1.27	1.16
February	1.26	1.14
March	1.30	1.16

The last transacted price of TCMH Shares on 20 April 2009, being the latest practicable date prior to the printing of this Circular RM1.44

(Source: The Star)

2.6 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors, substantial shareholders of the Company and persons connected with the Directors and substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Share Buy-Back.

2.7 DIRECTORS' RECOMMENDATION

The Board is of the opinion that the Proposed Share Buy-Back is fair, reasonable and in the best interest of the Company and its shareholders and therefore recommends that you vote in favour of the proposed resolution in relation to the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

3. PART II PROPOSED SHAREHOLDERS' MANDATE

TCMH is principally an investment holding company whilst its subsidiaries are involved in the assembly and distribution of motor vehicles, provision of after-sales services, provision of financial services such as hire purchase, leasing, insurance agency services and money lending.

The Board wishes to seek the approval of the shareholders of TCMH for the renewal of the Shareholders' Mandate given at the AGM held on 22 May 2008 which would enable the TCMH Group to continue to enter into RRPT provided that such transactions are in the ordinary course of business and undertaken at arm's length, on normal commercial terms of the TCMH Group which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders. These include transactions such as those described in section 3.2.

3.1 LISTING REQUIREMENTS OF BURSA MALAYSIA

Under Paragraph 10.09 of the LR, a listed issuer may seek a Shareholders' Mandate subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) The Shareholders' Mandate is subject to annual renewal and disclosure being made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under paragraph 2.1 of PN12/2001.
- (c) issuance of a circular to shareholders by the listed issuer; and
- (d) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder; and where it involves the interest of a person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

The estimated transaction values for the financial year ending 31 December 2009 as set out in section 3.2 are based on the projected business volume for the current financial year ending 31 December 2009. The actual value of transactions may, however, vary from the estimated values disclosed in section 3.2, in light of the changing economic and competitive environment. Nevertheless, disclosures will be made in accordance with the LR in the Annual Report of the Company for the financial year ending 31 December 2009 of the actual aggregate value of transactions made pursuant to the Proposed Shareholders' Mandate during the said financial year.

3.2 CLASSES OF RELATED PARTIES

3.2.1 Related Parties arising from the internal re-organisation and de-merger scheme of TCMH Group

TCMH Group completed the internal re-organisation of its Foreign, Autoparts and Non-Motor Divisions in 1999, resulting in the complete de-merger and emergence of three (3) additional and separate listed groups of companies, i.e. WTCH Group, APM Group and TCIL Group, each with distinct areas of business activities and are accountable for their own performance and profitability. TCMH does not own any shares in WTCH, APM or TCIL.

The RRPT between TCMH Group and the said groups of companies are as set out in sections 3.2.1.1 to 3.2.1.3.

3.2.1.1 WTCH Group

WTCH is an investment holding company which provides management services to its subsidiaries, including TCIM Sdn Bhd which distributes heavy equipment and machinery and Mayflower Acme Tours Sdn Bhd which provides travel and car rental services.

The Directors and Major Shareholders of TCMH Group who are interested in the RRPT with WTCH Group and the nature of their interests as at 31 March 2009 are as follows:

Related Party	TCMH					WTCH				
	Directorship in the TCMH Group	Shareholding in TCMH				Directorship in the WTCH Group	Shareholding in WTCH			
		Direct	%	Indirect	%		Direct	%	Indirect	%
TCC	-	304,266,662	46.33	-	-	-	15,213,333	23.10	13,440,000	20.41 ⁽¹⁾
Dato' Tan Heng Chew	Director	18,183,162	2.77	315,765,252	48.08 ⁽²⁾	Director	1,431,833	2.17	29,426,302	44.68 ⁽³⁾
Tan Eng Soon	Director	-	-	315,237,862	48.00 ⁽⁴⁾	-	-	-	28,723,333	43.61 ⁽⁵⁾
Dato' Tan Kim Hor	-	180,234	0.03	304,266,662	46.33 ⁽⁶⁾	-	153,742	0.23	28,653,333	43.51 ⁽⁷⁾
Dato' Tan Boon Pun	-	427	- ⁽⁸⁾	304,266,942	46.33 ⁽⁹⁾	-	21	- ⁽⁸⁾	28,653,347	43.51 ⁽¹⁰⁾
Dato' Tan Hoe Pin	-	10,000	- ⁽⁸⁾	304,266,662	46.33 ⁽⁶⁾	-	8,000	0.01	28,653,333	43.51 ⁽⁷⁾
Dr. Tan Ban Leong	-	180,400	0.03	304,266,662	46.33 ⁽⁶⁾	-	30,000	0.05	28,653,333	43.51 ⁽⁷⁾
Dr. Tan Kang Leong	-	10,000	- ⁽⁸⁾	304,266,662	46.33 ⁽⁶⁾	-	500	- ⁽⁸⁾	28,653,333	43.51 ⁽⁷⁾
Tan Beng Keong	-	-	-	304,266,662	46.33 ⁽⁶⁾	-	1,000	- ⁽⁸⁾	28,653,333	43.51 ⁽⁷⁾
Dato' Tan Chee Keong	-	29,000	- ⁽⁸⁾	304,266,662	46.33 ⁽⁶⁾	-	15,000	0.02	28,653,333	43.51 ⁽⁷⁾
Tan Kheng Leong	-	-	-	304,266,662	46.33 ⁽⁶⁾	-	13,500	0.02	28,653,333	43.51 ⁽⁷⁾

Notes:

- (1) Deemed interest by virtue of interest in Parasand pursuant to Section 6A of the Act.
- (2) Deemed interest by virtue of interests in TCC and Wealthmark pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (3) Deemed interest by virtue of interests in TCC and Parasand pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.
- (4) Deemed interest by virtue of interests in TCC, Wealthmark and Lung Ma Investments Pte Ltd ("Lung Ma Investments") pursuant to Section 6A of the Act.
- (5) Deemed interest by virtue of interests in TCC, Parasand and Lung Ma Investments pursuant to Section 6A of the Act.
- (6) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (7) Deemed interest by virtue of interests in TCC and Parasand pursuant to Section 6A of the Act.
- (8) Less than 0.01%
- (9) Deemed interest by virtue of interests in TCC and PNSB pursuant to Section 6A of the Act.
- (10) Deemed interest by virtue of interests in TCC, Parasand and PNSB pursuant to Section 6A of the Act.

The RRPT between TCMH Group and WTCH Group, which are carried out at arm's length, on normal commercial terms of TCMH Group which are not more favourable to WTCH Group than those generally available to the public and are not to the detriment of the minority shareholders, are as detailed below:

Types of transaction	Details	Estimated amount for the financial year ending 31 December 2009 (RM' 000)
Sale of goods and services	TCMH Group sells motor vehicles, parts and provides after sales services to WTCH Group.	41,000
Hire purchase financing and leasing	TCMH Group provides hire purchase financing and leasing to WTCH Group (interest income).	400
Insurance agency services	TCMH Group sells certain insurance products such as motor, property and marine policies to WTCH Group.	620
Administrative & consultancy services	TCMH Group provides administrative and consultancy services to WTCH Group.	500
Travel agency and car rental services	TCMH Group uses the air ticketing and car rental services provided by WTCH Group.	1,000
Purchase of goods and services	TCMH Group purchases forklifts, machinery, generators, spare parts and receives after sales services from the WTCH Group.	7,040
	TCMH Group acts as the dealer for the machinery division of WTCH Group in East Malaysia.	
Rental income	TCMH Group rents office premises at Jalan Ipoh Kecil, Kuala Lumpur to WTCH Group.	30
	Rental income for the above is received on a monthly basis. The tenure for the rental of the said office space is for a period that is not more than three (3) years.	
Rental expense	TCMH Group rents building premises from WTCH Group at Lot 1A, Jalan Kemajuan 13, 46200 Petaling Jaya.	350
	Rental payment for the above is paid on a monthly basis. The tenure for the rental of the said premises is for a lease period that is not more than three (3) years.	

3.2.1.2 APM Group

APM Group is engaged in the manufacturing and distribution of a wide-range of automotive products and components ranging from suspension systems, heat exchange systems, electrical systems, plastics components to car interiors and seating.

The Directors and Major Shareholders of TCMH Group who are interested in the RRPT with APM Group and the nature of their interests as at 31 March 2009 are as follows:

Related Party	TCMH					APM				
	Directorship in the TCMH Group	Shareholding in TCMH				Directorship in the APM Group	Shareholding in APM			
		Direct	%	Indirect	%		Direct	%	Indirect	%
TCC	-	304,266,662	46.33	-	-	-	45,639,999	23.10	40,320,000	20.40 ⁽¹⁾
Dato' Tan Heng Chew	Director	18,183,162	2.77	315,765,252	48.08 ⁽²⁾	Director	4,658,399	2.36	99,665,307	50.44 ⁽³⁾
Tan Eng Soon	Director	-	-	315,237,862	48.00 ⁽⁴⁾	Director	-	-	97,696,799	49.44 ⁽⁵⁾
Dato' Tan Kim Hor	-	180,234	0.03	304,266,662	46.33 ⁽⁶⁾	-	461,225	0.23	85,959,999	43.50 ⁽⁷⁾
Dato' Tan Boon Pun	-	427	- ⁽⁸⁾	304,266,942	46.33 ⁽⁹⁾	-	28,064	0.01	86,156,541	43.60 ⁽¹⁰⁾
Dato' Tan Hoe Pin	-	10,000	- ⁽⁸⁾	304,266,662	46.33 ⁽⁶⁾	-	5,000	- ⁽⁸⁾	86,138,499	43.59 ⁽¹¹⁾
Dr. Tan Ban Leong	-	180,400	0.03	304,266,662	46.33 ⁽⁶⁾	-	90,000	0.05	86,138,499	43.59 ⁽¹¹⁾
Dr. Tan Kang Leong	-	10,000	- ⁽⁸⁾	304,266,662	46.33 ⁽⁶⁾	-	1,500	- ⁽⁸⁾	85,959,999	43.50 ⁽⁷⁾
Tan Beng Keong	-	-	-	304,266,662	46.33 ⁽⁶⁾	-	-	-	86,138,499	43.59 ⁽¹¹⁾
Dato' Tan Chee Keong	-	29,000	- ⁽⁸⁾	304,266,662	46.33 ⁽⁶⁾	-	14,000	0.01	85,959,999	43.50 ⁽⁷⁾
Tan Kheng Leong	-	-	-	304,266,662	46.33 ⁽⁶⁾	-	40,500	0.02	85,959,999	43.50 ⁽⁷⁾
Tan Eng Hwa	Director ⁽¹²⁾	1,380,058	0.21	8,062,724	1.23 ⁽¹³⁾	Director	207,008	0.10	11,533,928	5.84 ⁽¹³⁾

Notes:

- (1) Deemed interest by virtue of interest in Parasand pursuant to Section 6A of the Act.
- (2) Deemed interest by virtue of interests in TCC and Wealthmark pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (3) Deemed interest by virtue of interests in TCC, Parasand and Wealthmark pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.
- (4) Deemed interest by virtue of interests in TCC, Wealthmark and Lung Ma Investments pursuant to Section 6A of the Act.
- (5) Deemed interest by virtue of interests in TCC, Parasand, Wealthmark and Lung Ma Investments pursuant to Section 6A of the Act.
- (6) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (7) Deemed interest by virtue of interests in TCC and Parasand pursuant to Section 6A of the Act.
- (8) Less than 0.01 %
- (9) Deemed interest by virtue of interests in TCC and PNSB pursuant to Section 6A of the Act.
- (10) Deemed interest by virtue of interests in TCC, Parasand, PNSB, Exepro Sdn Bhd ("ESB") and Magic Rooms Sdn Bhd pursuant to Section 6A of the Act.
- (11) Deemed interest by virtue of interests in TCC, Parasand, ESB pursuant to Section 6A of the Act.
- (12) Director of the subsidiaries of TCMH to which the relevant RRPT relate.
- (13) Deemed interest by virtue of interests in Solomon House Sdn Bhd and Wealthmark pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.

The RRPT between TCMH Group and APM Group, which are carried out at arm's length, on normal commercial terms of TCMH Group which are not more favourable to APM Group than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders, are as detailed below:

Types of transaction	Details	Estimated amount for the financial year ending 31 December 2009 (RM' 000)
Sale of goods and services	TCMH Group sells motor vehicles, parts and provides after sales services to APM Group	1,180
Insurance agency services	TCMH Group sells certain insurance products such as motor, property and marine policies to APM Group.	500
Administrative & consultancy services	TCMH Group provides administrative and consultancy services to APM Group	200
Purchase of goods	TCMH Group buys automotive components from APM Group for the assembly of new cars and also as replacement parts for distribution to dealers and motor repair workshops.	65,000
Rental income	TCMH Group rents from APM Group office premises at Jalan Kemajuan, Pending Industrial Estate, Kuching Sarawak. Rental income for the above is received on a monthly basis. The tenure for the rental of the said premises are of varying duration that is not more than three (3) years.	160
Rental expenses	TCMH Group rents from APM Group vacant land, office and factory premises at Lot 1 and Lot 3, Jalan 6/3, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan, Selangor. Rental payment for the above is paid on a monthly basis. The tenure for the rental of the said premises are of varying duration that is not more than three (3) years.	1,300

3.2.1.3 TCIL Group

TCIL Group's principal businesses consist of the distribution of motor vehicles, property investment and development and industrial equipment distribution in Singapore. TCIL Group's other major businesses include motor vehicle distribution in Hong Kong, the Philippines, certain provinces of the People's Republic of China and some countries in ASEAN, industrial equipment distribution in Thailand and the manufacturing of auto parts in the People's Republic of China.

The Directors and Major Shareholders of TCMH Group who are interested in the RRPT with TCIL Group and the nature of their interests as at 31 March 2009 are as follows:

Related Party	TCMH					TCIL				
	Directorship in the TCMH Group	Shareholding in TCMH				Directorship in the TCIL Group	Shareholding in TCIL			
		Direct	%	Indirect	%		Direct	%	Indirect	%
TCC	-	304,266,662	46.33	-	-	-	912,799,986	45.34	-	-
Dato' Tan Heng Chew	Director	18,183,162	2.77	315,765,252	48.08 ⁽¹⁾	-	8,854,986	0.44	912,858,156	45.34 ⁽⁹⁾
Tan Eng Soon	Director	-	-	315,237,862	48.00 ⁽³⁾	Director	-	-	1,037,962,986	51.56 ⁽⁴⁾
Dato' Tan Kim Hor	-	180,234	0.03	304,266,662	46.33 ⁽⁵⁾	-	-	-	912,799,986	45.34 ⁽²⁾
Dato' Tan Boon Pun	-	427	- ⁽⁶⁾	304,266,942	46.33 ⁽⁷⁾	-	-	-	912,799,986	45.34 ⁽²⁾
Dato' Tan Hoe Pin	-	10,000	- ⁽⁶⁾	304,266,662	46.33 ⁽⁵⁾	-	-	-	912,799,986	45.34 ⁽²⁾
Dr. Tan Ban Leong	-	180,400	0.03	304,266,662	46.33 ⁽⁵⁾	-	-	-	912,799,986	45.34 ⁽²⁾
Dr. Tan Kang Leong	-	10,000	- ⁽⁶⁾	304,266,662	46.33 ⁽⁵⁾	-	-	-	912,799,986	45.34 ⁽²⁾
Tan Beng Keong	-	-	-	304,266,662	46.33 ⁽⁵⁾	-	-	-	912,799,986	45.34 ⁽²⁾
Dato' Tan Chee Keong	-	29,000	- ⁽⁶⁾	304,266,662	46.33 ⁽⁵⁾	-	-	-	912,799,986	45.34 ⁽²⁾
Tan Kheng Leong	-	-	-	304,266,662	46.33 ⁽⁵⁾	Director	2,205,000	0.11	913,009,986	45.35 ⁽⁸⁾

Notes:

- (1) Deemed interest by virtue of interests in TCC and Wealthmark pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (2) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (3) Deemed interest by virtue of interests in TCC, Wealthmark and Lung Ma Investments pursuant to Section 6A of the Act.
- (4) Deemed interest by virtue of interests in TCC and a corporation controlled by Tan Eng Soon. On 18 March 2009, Tan Eng Soon has entered into an agreement for the acquisition of 111,999,972 shares in TCIL and completion of the agreement is expected to take place in April 2009.
- (5) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (6) Less than 0.01%.
- (7) Deemed interest by virtue of interests in TCC and PNSB pursuant to Section 6A of the Act.
- (8) Deemed interest by virtue of family member's shareholdings and interest in TCC.
- (9) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act and interest of spouse.

The RRPT between TCMH Group and TCIL Group, which are carried out at arm's length, on normal commercial terms of TCMH Group which are not more favourable to TCIL Group than those generally available to the public and are not to the detriment of the minority shareholders, comprise the provision of automotive workshop services which are estimated at RM40,000 per annum and purchase of automotive components from TCIL Group estimated at RM160,000 per annum.

3.2.2 Auto Dunia

Auto Dunia is involved in the importation and sale of motor vehicles and also provides workshop services and distributes spare parts, engine oil and other automotive related products.

Auto Dunia is an appointed authorised dealer of a subsidiary of TCMH for new Nissan motor vehicles in several locations in Malaysia. TCMH Group purchases completely-built-up (CBU) vehicles from Auto Dunia. TCMH Group may enter into other arrangements with Auto Dunia in relation to the importation of CBU vehicles and/or to purchase from Auto Dunia locally assembled vehicles for sale by the TCMH Group from time to time.

Dato' Tan Heng Chew and Tan Eng Soon, Directors and Major Shareholders of TCMH, and Dato' Tan Kim Hor, Dato' Tan Boon Pun, Dato' Tan Hoe Pin and Dr Tan Kang Leong, Major Shareholders of TCMH, have declared Auto Dunia to be a body corporate associated with them under Section 122A of the Act.

Tan Eng Hwa, a director of certain subsidiaries of TCMH, is a Director of Auto Dunia and brother of Dato' Tan Heng Chew and Tan Eng Soon. Dato' Tan Chee Keong, a Major Shareholder of TCMH, is a Director of Auto Dunia. Dr Tan Ban Leong, Tan Beng Keong and Tan Kheng Leong, Major Shareholders of TCMH, are sons of Dato' Tan Kim Hor and brothers of Dato' Chee Keong.

Azman bin Badrillah, a Director of TCMH, has disclosed that he is a substantial shareholder and Director of Auto Dunia. Dato' Syed Alwi bin Tun Syed Nasir, a Director of a subsidiary of TCMH, has disclosed that he is a substantial shareholder and a Director of Auto Dunia.

The Directors and Major Shareholders of the TCMH Group who are interested in the RRPT with Auto Dunia and the nature of their interests as at 31 March 2009 are as follows:

Related Party	TCMH					Description of Interests
	Directorship in the TCMH Group	Shareholding in TCMH				
		Direct	%	Indirect	%	
Dato' Tan Heng Chew	Director	18,183,162	2.77	315,765,252	48.08 ⁽¹⁾	} Auto Dunia is a body corporate associated with the Related Party
Tan Eng Soon	Director	-	-	315,237,862	48.00 ⁽²⁾	
Dato' Tan Kim Hor	-	180,234	0.03	304,266,662	46.33 ⁽³⁾	
Dato' Tan Boon Pun	-	427	⁽⁴⁾	304,266,942	46.33 ⁽³⁾	
Dato' Tan Hoe Pin	-	10,000	⁽⁴⁾	304,266,662	46.33 ⁽³⁾	
Dr Tan Kang Leong	-	10,000	⁽⁴⁾	304,266,662	46.33 ⁽³⁾	
Tan Eng Hwa	Director	1,380,058	0.21	8,062,724	1.23 ⁽⁶⁾	
Dato' Tan Chee Keong	-	29,000	⁽⁴⁾	304,266,662	46.33 ⁽³⁾	Director of Auto Dunia and son of Dato' Tan Kim Hor
Dr Tan Ban Leong	-	180,400	0.03	304,266,662	46.33 ⁽³⁾	} Sons of Dato' Tan Kim Hor and brothers of Dato' Tan Chee Keong
Tan Beng Keong	-	-	-	304,266,662	46.33 ⁽³⁾	
Tan Kheng Leong	-	-	-	304,266,662	46.33 ⁽³⁾	
Azman bin Badrillah	Director	20,000	⁽⁴⁾	-	-	Director and substantial shareholder of Auto Dunia ⁽⁷⁾
Dato' Syed Alwi bin Tun Syed Nasir	Director	-	-	-	-	Director and substantial Shareholder of Auto Dunia ⁽⁸⁾

Notes:

- (1) Deemed interest by virtue of interests in TCC and Wealthmark pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (2) Deemed interest by virtue of interests in TCC, Wealthmark and Lung Ma Investments pursuant to Section 6A of the Act.
- (3) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (4) Less than 0.01%.
- (5) Deemed interest by virtue of interest in TCC and PNSB pursuant to Section 6A of the Act.
- (6) Deemed interest by virtue of interests in Solomon House Sdn Bhd and Wealthmark pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.
- (7) Azman bin Badrillah holds 39% in the equity interest of Auto Dunia.
- (8) Dato' Syed Alwi bin Tun Syed Nasir holds 30% in the equity interest in Auto Dunia.

The RRPT between TCMH Group and Auto Dunia are carried out at arm's length, on normal commercial terms of the TCMH Group which are not more favourable to Auto Dunia than those generally available to the public and are not to the detriment of the minority shareholders. The descriptions of the transactions presently envisaged to be carried out are as detailed below:

Types of transaction	Details	Estimated amount for the financial year ending 31 December 2009 (RM' 000)
Sale of goods and services	TCMH Group sells motor vehicles, spare parts and provides after sales service to Auto Dunia.	18,000
Purchase of vehicles	TCMH Group purchases CBU vehicles from Auto Dunia.	90,000
	The TCMH Group may enter into other arrangements with Auto Dunia in relation to the importation of CBU vehicles and/or for the purchase of locally assembled vehicles for sale by the TCMH Group from time to time.	20,000

3.3 PRICING

The terms of the pricing of the above RRPT are consistent with TCMH Group's usual business pricing practices and policies and are not more favorable to the Related Parties than to the public (where applicable) and are not to the detriment of the minority shareholders of TCMH.

However, for certain transactions, the condition that the terms of the transactions (including pricing) are not more favourable to the Related Parties than to the public may not be applicable. For example, certain products supplied by APM Group to TCMH Group are based on technical designs/specifications and are not available from other suppliers or to the public.

3.4 DISCLOSURE AND REVIEW PROCEDURES

Disclosure will be made in accordance with the LR in the Annual Report of the Company of the aggregate value of RRPT conducted pursuant to the Proposed Shareholders' Mandates during the financial year ending 31 December 2009.

3.4.1 Review procedures for the RRPT

TCMH Group has implemented the following methods and procedures to ensure that the RRPT are undertaken at arm's length, on normal commercial terms of TCMH Group which are not more favourable to the Related Party than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders:

- (a) A list of Related Parties has been circulated to all operating companies with the instruction that, as in the past, all RRPT are required to be undertaken at arm's length and on normal commercial terms (where applicable).
- (b) All companies are required to provide half-yearly reports on all RRPT to the internal audit department.

- (c) The internal audit department shall review significant RRPT to ensure that transactions are undertaken at arm's length, on normal commercial terms of TCMH Group which are not more favourable to the Related Party than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders of TCMH.
- (d) The Audit Committee shall review the half-yearly and yearly reports on RRPT issued by the internal audit department to ascertain that the guidelines and procedures established to monitor the RRPT have been complied with. The internal audit department shall highlight any exceptions arising from work done.
- (e) The Board and the Audit Committee shall be responsible for the determination of review procedures, with the authority to sub-delegate such responsibilities to individuals or committees within TCMH Group, as they deem appropriate.
- (f) If a member of the Board or Audit Committee has an interest in the RRPT, he shall abstain from participating in the deliberation and voting in respect of the said RRPT.

3.4.2 Audit Committee's Statement

The Audit Committee has seen and reviewed the procedures mentioned above and are of the view that the said procedures are sufficient to ensure that the RRPT are in the ordinary course of business and undertaken at arm's length, on normal commercial terms of TCMH Group which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders.

3.5 RATIONALE

All transactions with Related Parties are entered into for the long-term benefit of TCMH Group. The Related Parties represent an existing market with reliable payment terms for TCMH Group's products and provide a good source for certain components purchased by TCMH Group. Sales to Related Parties also contribute to overall higher sales for TCMH Group thus increasing trading volume, higher production efficiency and better bargaining power when negotiating with vendors. This is consistent with TCMH Group's objectives of brand building and maintaining our competitive edge.

The RRPT envisaged under the Proposed Shareholders' Mandate are in the ordinary course of business of TCMH Group and are undertaken at arm's length, on normal commercial terms of TCMH Group which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders.

The Proposed Shareholders' Mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential RRPT arise, thereby reducing time and the expenses in convening such meetings without compromising the corporate objectives and adversely affecting the business opportunities available to TCMH Group.

3.6 EFFECTS

The Proposed Shareholders' Mandate is not expected to have any effect on the issued and paid-up share capital of TCMH and substantial shareholders' shareholdings in TCMH but is expected to have a positive effect on the earnings and NA of TCMH Group.

3.7 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed in section 3.2, none of the other Directors, Major Shareholders and persons connected with the Directors and Major Shareholders of TCMH have any interest as defined in the LR, direct or indirect, in the Proposed Shareholders' Mandate.

The Directors of TCMH who are interested in the RRPT (namely Dato' Tan Heng Chew, Tan Eng Soon and Azman bin Badrillah) have abstained and will continue to abstain from deliberating and voting on the resolutions in respect of the Proposed Shareholders' Mandate which involves their respective interests at the relevant meetings of the Board.

The interested Directors of TCMH Group (namely Dato' Tan Heng Chew, Tan Eng Soon, Azman bin Badrillah, Tan Eng Hwa and Dato' Syed Alwi bin Tun Syed Nasir) will abstain and will also ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the relevant resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

The interested Major Shareholders of TCMH (namely TCC, Dato' Tan Kim Hor, Dato' Tan Boon Pun, Dato' Tan Chee Keong, Dato' Tan Hoe Pin, Dr Tan Ban Leong, Dr Tan Kang Leong, Tan Beng Keong and Tan Kheng Leong) will abstain and will also ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the relevant resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

3.8 DIRECTORS' RECOMMENDATION

The Board, with the exception of the interested Directors as disclosed in section 3.7, is of the opinion that the Proposed Shareholders' Mandate are fair, reasonable and in the best interest of the Company and therefore recommends that you vote in favour of the proposed resolutions in relation to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

4. APPROVALS REQUIRED

The Proposals are conditional upon the approval of the shareholders of TCMH at the forthcoming AGM. However, the Proposals are not inter-conditional.

5. AGM

The AGM, the notice of which is set out in the 2008 Annual Report, will be held at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur on Wednesday, 20 May 2009 at 3:00 p.m., for the purpose of considering and, if thought fit, passing the proposed resolutions on the ordinary businesses and the special businesses of the AGM which include the proposed resolutions on the Proposals.

If you are unable to attend the AGM in person, please return the completed Form of Proxy attached to the 2008 Annual Report to the Company's Registered Office at 62-68 Jalan Ipoh, 51200 Kuala Lumpur, so as to arrive not less than 48 hours before the time fixed for the holding of the AGM. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently find that you are able to do so.

6. ADDITIONAL INFORMATION

Shareholders are requested to refer to the Appendix II for additional information.

Yours faithfully
for and on behalf of the Board
TAN CHONG MOTOR HOLDINGS BERHAD

Dato' Ng Mann Cheong
Independent Non-Executive Director

APPENDIX I

Date	No of shares bought back and held as treasury shares	Highest price paid per share (RM)	Lowest price paid per share (RM)	Average price paid per share (RM)	Total consideration (including transaction cost) (RM)
02/06/2008	1,000	1.970	1.970	2.0126	2,012.60
04/07/2008	38,900	1.670	1.660	1.6799	65,347.63
09/07/2008	20,000	1.690	1.690	1.7023	34,046.94
10/07/2008	50,000	1.700	1.700	1.7124	85,620.50
21/07/2008	50,000	1.670	1.660	1.6802	84,009.42
15/09/2008	30,000	1.570	1.570	1.5815	47,444.73
16/09/2008	50,000	1.580	1.570	1.5875	79,375.44
17/09/2008	50,000	1.630	1.620	1.6359	81,793.56
18/09/2008	50,000	1.600	1.570	1.5915	79,576.70
19/09/2008	50,000	1.570	1.530	1.5654	78,267.51
22/09/2008	50,000	1.560	1.550	1.5633	78,166.88
23/09/2008	50,000	1.550	1.530	1.5492	77,461.47
24/09/2008	45,000	1.530	1.510	1.5350	69,075.17
25/09/2008	50,000	1.530	1.520	1.5407	77,032.79
26/09/2008	20,000	1.560	1.560	1.5714	31,428.56
08/10/2008	50,000	1.570	1.550	1.5714	78,569.40
09/10/2008	50,000	1.530	1.510	1.5313	76,565.87
10/10/2008	50,000	1.520	1.460	1.5029	75,144.98
13/10/2008	50,000	1.390	1.330	1.3760	68,799.29
14/10/2008	50,000	1.380	1.360	1.3830	69,151.50
15/10/2008	250,000	1.380	1.350	1.3659	341,472.50
16/10/2008	250,000	1.350	1.330	1.3472	336,807.15
17/10/2008	220,000	1.340	1.330	1.3444	295,771.98
20/10/2008	78,000	1.300	1.290	1.3033	101,655.85
24/10/2008	250,000	1.320	1.270	1.3148	328,687.95
28/10/2008	250,000	1.250	1.200	1.2295	307,380.37
29/10/2008	250,000	1.230	1.170	1.2082	302,040.30
30/10/2008	250,000	1.240	1.170	1.2105	302,634.76
31/10/2008	250,000	1.230	1.190	1.2112	302,795.28
03/11/2008	150,000	1.240	1.210	1.2323	184,842.37
04/11/2008	250,000	1.230	1.190	1.2179	304,480.83
06/11/2008	150,000	1.220	1.180	1.2037	180,552.78
07/11/2008	100,000	1.200	1.190	1.2037	120,365.51
10/11/2008	250,000	1.190	1.170	1.1883	297,076.47
11/11/2008	250,000	1.190	1.150	1.1700	292,491.39
12/11/2008	200,000	1.150	1.150	1.1548	230,959.00
13/11/2008	53,000	1.140	1.130	1.1436	60,609.92
14/11/2008	200,000	1.140	1.140	1.1448	228,952.40

APPENDIX I
(cont'd)

Date	No of shares bought back and held as treasury shares	Highest price paid per share	Lowest price paid per share	Average price paid per share	Total consideration (including transaction cost)
		(RM)	(RM)	(RM)	(RM)
17/11/2008	200,000	1.150	1.150	1.1525	230,499.00
18/11/2008	205,600	1.140	1.140	1.1425	234,888.70
19/11/2008	100,000	1.140	1.140	1.1426	114,262.20
20/11/2008	250,000	1.090	1.090	1.0922	273,054.25
21/11/2008	192,900	1.080	1.060	1.0810	208,517.52
24/11/2008	250,000	1.060	1.050	1.0590	264,743.46
25/11/2008	164,200	1.050	1.050	1.0524	172,807.14
18/12/2008	92,200	1.140	1.140	1.1426	105,350.65
08/01/2009	250,000	1.200	1.200	1.2024	300,590.00
09/01/2009	250,000	1.200	1.200	1.2024	300,590.00
15/01/2009	100,000	1.240	1.240	1.2429	124,285.20
16/01/2009	48,000	1.240	1.240	1.2429	59,657.38
19/01/2009	104,800	1.240	1.240	1.2429	130,250.94
21/01/2009	250,000	1.240	1.230	1.2404	310,102.35
22/01/2009	250,000	1.240	1.220	1.2328	308,199.88
23/01/2009	250,000	1.240	1.220	1.2317	307,934.55
10/02/2009	195,000	1.230	1.220	1.2275	239,360.16
13/02/2009	250,000	1.240	1.230	1.2424	310,608.28
16/02/2009	250,000	1.240	1.240	1.2424	310,603.00
17/02/2009	250,000	1.240	1.230	1.2420	310,490.36
18/02/2009	250,000	1.230	1.200	1.2235	305,865.93
19/02/2009	250,000	1.220	1.190	1.2024	300,588.02
20/02/2009	140,100	1.170	1.150	1.1684	163,690.88
23/02/2009	250,000	1.180	1.140	1.1695	292,364.33
24/02/2009	167,200	1.180	1.170	1.1775	196,875.57
25/02/2009	164,900	1.180	1.170	1.1760	193,929.30
27/02/2009	4,600	1.190	1.190	1.1943	5,493.65
02/03/2009	144,000	1.180	1.180	1.1827	170,310.90
03/03/2009	21,000	1.200	1.180	1.2018	25,238.79
04/03/2009	30,000	1.200	1.200	1.2028	36,082.80
06/03/2009	80,000	1.200	1.200	1.2028	96,220.80
10/03/2009	250,000	1.200	1.200	1.2024	300,590.00
11/03/2009	100,000	1.200	1.200	1.2028	120,276.00
12/03/2009	250,000	1.200	1.190	1.2004	300,089.35
13/03/2009	100,000	1.200	1.200	1.2028	120,276.00
16/03/2009	50,400	1.200	1.200	1.2028	60,619.63
17/03/2009	35,000	1.200	1.200	1.2028	42,096.60

ADDITIONAL INFORMATION**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of TCMH and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all enquires as were reasonable in the circumstances, and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

2. MATERIAL CONTRACTS

Neither TCMH nor its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past two (2) years up till 31 March 2009 (being the latest practicable date prior to the printing of this Circular).

3. MATERIAL LITIGATION

Saved as disclosed below, neither TCMH nor its subsidiaries as at 31 March 2009 are engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Board is not aware of any proceedings, pending or threatened, against TCMH or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of TCMH or its subsidiaries:

- (i) The Company and its wholly-owned subsidiary, TC Euro Cars Sdn Bhd (“TCEC”) were served with a Writ of Summons (“Writ”) and a Statement of Claim on 11 July 2003 filed by Inokom Corporation Sdn Bhd and Quasar Carriage Sdn Bhd as plaintiffs in Kuala Lumpur High Court Civil Suit No. S2-22-822-2003. The first defendant in the suit is Renault s.a.s while the Company and TCEC are the second and third defendants respectively.

The main claim made by the plaintiffs that is relevant to the Company and TCEC is the claim for "General Damages in the sum of RM150.0 million against all the defendants for conspiracy to injure" in relation to the Renault Kangoo project as alleged in the Statement of Claim. The plaintiffs also claimed costs and any other relief to be awarded by the High Court. The Company and TCEC's applications to strike out the plaintiffs' Writ and Statement of Claim were allowed with costs by the Senior Assistant Registrar of the High Court of Malaya at Kuala Lumpur on 16 January 2004. The plaintiffs appealed to the Judge in Chambers of the High Court of Malaya at Kuala Lumpur and the said appeals were allowed by the said Judge on 20 May 2004. Both the Company and TCEC have filed appeals against the decisions of the said Judge with the Court of Appeal of Malaysia. On 21 October 2008, the Court of Appeal allowed both appeals by the Company and TCEC with costs. The plaintiffs have filed applications for leave to appeal to the Federal Court against the said decisions where the hearings of the said applications are fixed on 15 June 2009.

- (ii) Tan Chong & Sons Motor Company Sdn Bhd (“TCM”), a wholly-owned subsidiary of the Company, Nissan Motor Co Ltd and Auto Dunia Sdn Bhd were sued in the High Court at Kota Kinabalu by Teck Guan Trading (Sabah) Sdn Bhd (“Teck Guan”) for general damages, special damages of RM10.67 million and liquidated damages of RM2.97 million together with interest and costs in connection with car distributorship in Sabah ("1st Suit"). On 6 August 2008, another related suit (where TCM was sued by Teck Guan for RM65,065.00 together with interest and costs in connection with alleged monies owed to Teck Guan) was ordered by the High Court to be consolidated with the 1st Suit. The High Court has fixed mention before the High Court Judge on 6 August 2009. Further, TCM's application for leave to appeal to the Federal Court (in respect of the dismissal of TCM's preliminary objection by the Court of Appeal) is fixed for hearing on 29 June 2009.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company following the publication of this Circular from Mondays to Fridays (except public holidays) during business hours up to and including the date of the AGM:

- (i) Memorandum and Articles of Association of TCMH;
- (ii) Financial statements of the TCMH Group for the two (2) financial years ended 31 December 2007 to 2008; and
- (iii) Relevant Cause papers in respect of material litigation referred to in section 3.